

BEFORE THE FEDERAL ELECTION COMMISSION

Connie Pillich
Chair, Hamilton County Democratic Party
6109 Webbland Pl
Cincinnati, OH 45213,

MUR # 7477

Complainant,

v.

Congressman Steve Chabot
3025 Daytona Avenue
Cincinnati, OH 45211; and

Steve Chabot for Congress
3030 Harrison Avenue
Cincinnati, OH 45211,

Respondents.

OFFICE OF
GENERAL COUNSEL

2018 AUG 10 PM 2:27

COMPLAINT

The Hamilton County Democratic Party, by and through its chair, Connie Pillich, files this complaint with the Federal Election Commission under 52 U.S.C. § 30109(a)(1) against Congressman Steve Chabot and his campaign, Steve Chabot for Congress ("Respondents"). The facts present reason to believe that Congressman Chabot illegally converted campaign funds to personal use by making payments in vast excess of fair market value to his son-in-law. The facts show also that Respondents kept making these payments for months, even after they became a source of national controversy.

Congressman Chabot first ran for federal office thirty years ago. Having run for Congress fourteen times, he surely knows that converting campaign funds to personal use is against the law. Indeed, he voted against codifying the ban on personal use, when he voted

against the Bipartisan Campaign Reform Act of 2002.¹ Having served in Congress for twenty-three years, Congressman Chabot also surely knows that House Rule 23, clause 6(b) prohibits personal use also. Indeed, as an incumbent, Mr. Chabot is required to receive ethics training on this and other issues each year.²

Because the Congressman knew the law prohibits personal use, because he kept making these payments even in the face of national scandal, and because the payments involved tens of thousands of dollars in excess of fair market value, there is evidence that these violations are knowing and willful, and an appropriate subject for criminal penalties.³ The Commission should investigate the Congressman's self-dealing immediately.

DISCUSSION

A. Statement of Facts

The FEC report filed by Steve Chabot for Congress on July 15, 2018 showed two payments to a firm called Right Turn Design: \$1,580 on April 23 and \$1,630 on May 21.⁴ Right Turn Design is Congressman Chabot's son-in-law's company.⁵ The company's principal, Kevin Bischof, is married to Mr. Chabot's daughter, Erica.⁶

These payments — and three others before them — to Congressman Chabot's son-in-law followed a November 3, 2017 expose by USA Today that showed a total of \$150,000 in similar payments over six years.⁷ Chabot's leadership PAC, WinNovember Political Action

¹ See <http://clerk.house.gov/evs/2002/roll034.xml>.

² See <https://ethics.house.gov/legislation/schedule/faqs-about-training>.

³ See 52 U.S.C. 30109(d)(1)(A).

⁴ Federal Election Commission, Steve Chabot for Congress July 2018 Quarterly Report at 75, 79, <http://docquery.fec.gov/pdf/540/201807159115659540/201807159115659540.pdf>

⁵ Deirdre Shesgreen, *Rep. Steve Chabot's campaign has paid son-in-law's firm more than \$150,000 for web consulting*, USA TODAY, Nov. 3, 2017, <https://www.usatoday.com/story/news/politics/2017/11/03/rep-steve-chabots-campaign-has-paid-son-in-laws-firm-more-than-150-000-web-consulting/827734001/>

⁶ *Id.*

⁷ See *id.*; see also Federal Election Commission, Steve Chabot for Congress 12-Day 2018 Pre-Primary Report at 11, <http://docquery.fec.gov/pdf/702/201804269111732702/201804269111732702.pdf>; Federal Election Commission, Steve Chabot for Congress April 2018 Quarterly Report at 65, <http://docquery.fec.gov/pdf/914/201804159108213914/201804159108213914.pdf>; Federal

Committee, also made payments to the company totaling \$23,000 over three election cycles.⁸

While a campaign adviser claimed that Bischof redesigned the web site four times, the article quoted a web designer as saying, "It looks like it was designed five or ten years ago. It's your plain, boring site from 2010."⁹ The article noted also that the leadership PAC website said simply: "coming soon."¹⁰ Finally, the article disclosed that Congressman Chabot "is the firm's only current congressional client ..."¹¹ The Congressman's son-in-law "did not respond to specific questions" from USA Today, but sent a statement instead.¹²

B. Legal Discussion

Commission regulations treat salary payments to a member of a candidate's family as per se personal use, unless the family member is providing bona fide services to the campaign.¹³ The rules also treat any salary payment in excess of fair market value as personal use.¹⁴

The evidence strongly suggests that the payments to Congressman Chabot's son-in-law exceeded fair market value. The high, cumulative value of the payments, the web site's antiquated design, and the lack of political customers besides Congressman Chabot all point to self-dealing by the Congressman.

Moreover, on information and belief, a reasonable good faith estimate for the development and maintenance of a similar site in the Cincinnati area would be \$3,200 for the initial build and \$2,750 for each additional year—that is, \$120,000 less than what the campaign paid Congressman Chabot's son-in-law. Even a brief and cursory investigation should quickly confirm that the payments have substantially exceeded fair market value.

Election Commission, Steve Chabot for Congress 2017 Year-End Report at 40,
<http://docquery.fec.gov/pdf/653/201801319091297653/201801319091297653.pdf>

⁸ See Shesgreen, *Rep. Steve Chabot's campaign has paid son-in-law's firm more than \$150,000 for web consulting*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ 11 C.F.R. 113.1(g)(1)(i)(H)

¹⁴ *Id.*

CONCLUSION

When a leading national newspaper presented charges that Congressman Chabot engaged in "nepotism and self-dealing," and when a campaign finance expert termed the transaction "a red flag," the Congressman's reaction was to hit the gas, shoveling out an additional \$8,200 to his family for no discernible added value. The Commission should put the brakes on Congressman Chabot's gravy train, conduct an immediate investigation, and seek the highest penalties permitted by law.

Sincerely,

Connie Pillich

Connie Pillich
Co-Chair
Hamilton County Democratic Party
6109 Webbland Place
Cincinnati, OH 45213

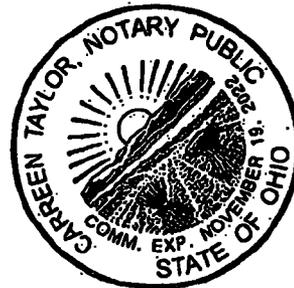
SUBSCRIBED AND SWORN to before me this 6th day of August, 2018.

C Taylor 8.6.18
Notary Public

Careen Taylor

My Commission Expires:

11.19.22



180474748061